

**CITY OF TONGANOXIE, KANSAS**

**FINANCIAL STATEMENTS**

**Year ended December 31, 2012**

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CITY OF TONGANOXIE, KANSAS

FINANCIAL STATEMENTS  
Year ended December 31, 2012

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## INDEPENDENT AUDITOR'S REPORT

Mayor and City Council  
City of Tonganoxie, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Tonganoxie, Kansas (the City), as of and for the year ended December 31, 2012 and the related notes to the financial statement. The prior year partial comparative information has been derived from the City's financial statements for the year ended December 31, 2011. In our report dated June 15, 2012, on those financial statements, we expressed an adverse opinion as to presentation on the basis of generally accepted accounting principles and an unqualified opinion as to presentation on the Kansas prescribed basis of accounting.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note 1 of the financial statement, the financial statement is prepared by the City to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

### *Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with the Kansas prescribed basis of accounting. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2011, from which such partial information was derived.

### *Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget and the schedule of cash receipts, cash disbursements and cash – agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

*Mize Houser & Company PA*

June 3, 2013

CITY OF TONGANOXIE, KANSAS  
SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
For the year ended December 31, 2012

<u>Funds</u>	Restated Beginning Unencumbered Cash <u>Balances</u>	Prior Year Adjustment	Cash Receipts	Expenditures	Ending Unencumbered Cash <u>Balance</u>	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash <u>Balance</u>
Governmental Fund Types:							
General Fund:							
General	\$ 266,956	\$ -	\$ 1,708,331	\$ 1,711,215	\$ 264,072	\$ 49,275	\$ 313,347
Special Purpose Funds:							
Special Parks and Recreation	5,595	-	5,524	5,049	6,070	-	6,070
Special Highway	129,712	-	157,466	107,378	179,800	277	180,077
Library	-	-	283,541	283,541	-	-	-
Employee Benefit	71,759	-	523,280	502,127	92,912	-	92,912
Fire Department Equipment Reserve	325,906	-	75,602	91,373	310,135	550	310,685
Police Department Equipment Reserve	26,562	-	13,473	15,892	24,143	-	24,143
Law Enforcement Trust	11,063	-	5,890	462	16,491	-	16,491
Transient Guest Tax	3,414	-	1,361	-	4,775	-	4,775
Water Park Sales Tax	-	46,878	273,345	287,463	32,760	-	32,760
Debt Service Fund:							
Bond and Interest	39,157	-	351,145	358,121	32,181	-	32,181
Capital Project Funds:							
Capital Project Fund	456,494	[23,533]	342,748	422,962	352,747	6,731	359,478
Sale of Property Fund	-	23,533	-	-	23,533	-	23,533
Business Funds:							
Water	846,650	[203,030]	1,014,769	1,018,325	640,064	26,546	666,610
Water Capital	-	156,152	31,875	13,250	174,777	-	174,777
Sewer	581,028	[430,490]	565,061	611,844	103,755	7,161	110,916
Sewer Capital	-	430,490	17,875	143,451	304,914	-	304,914
Sanitation	36,992	-	311,662	321,185	27,469	23,817	51,286
Total Reporting Entity	<u>\$ 2,801,288</u>	<u>\$ -</u>	<u>\$ 5,682,948</u>	<u>\$ 5,893,638</u>	<u>\$ 2,590,598</u>	<u>\$ 114,357</u>	<u>\$2,704,955</u>

Composition of Cash:

First State Bank & Trust of Tonganoxie, Kansas	
General checking	\$2,657,432
Certificate of deposit	58,945
Revolving loan	<u>22,287</u>
Total Cash	2,738,665
Less: Agency Funds per Statement 3, 15 of 15	<u>[33,710]</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$2,704,955</u>

CITY OF TONGANOXIE, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

NOTE 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Tonganoxie, Kansas (the City), is a municipal corporation governed by an elected mayor and five-member council. These financial statements present the City (the primary government) and exclude all related municipal entities of which the City appointed a voting majority of the unit's board and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists. The financial statements of the City consist only of the funds of the primary government.

Related Municipal Entity That Is Not Presented

The Tonganoxie Public Library (Library) serves the citizens within the City's jurisdiction. Acquisition or disposition of real property by the Library must be approved by the City. Bond issues must be approved by the City. The Library is not included in this report of the primary government. Financial statements for the Library may be obtained at the Library's office in Tonganoxie, Kansas.

Basis of Accounting

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America (GAAP)

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented.

Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

The City has a waiver from accounting principles generally accepted in the United States of America, which allows the City to use the regulatory basis of accounting.

CITY OF TONGANOXIE, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Regulatory Basis Fund Types

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording cash balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's cash resources and the related liabilities (other than those in the proprietary funds) are accounted for through governmental funds. The measurement focus is based upon changes in cash and unencumbered cash.

General Fund - to account for all unrestricted cash except that required to be accounted for in another fund. This is the principal operating fund of the City.

Special Purpose Fund - used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

The Bond and Interest Fund is used to account for the accumulation of cash for, and the payment of, principal, interest and other related costs of the City's general obligation bonds.

Capital Project Funds are used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Principal sources of revenue are municipal long-term debt proceeds, special assessments and interest income.

Business Fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity.



CITY OF TONGANOXIE, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the city council to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. The 2012 budget was not amended.

The statutes permit transferring budgeted amounts between accounts within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, agency funds, and certain special revenue funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the city council.

NOTE 2 - Deposits

The City's cash is considered to be active funds by management and is invested according to K.S.A. 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county in which the City is located or in an adjacent county and the banks provide an acceptable rate for active funds.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to K.S.A. 9-1402.

CITY OF TONGANOXIE, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

NOTE 3 - Interfund Transactions

Transfers were as follows:

	<u>From</u>	<u>To</u>
Water Fund	\$ 76,550	\$ -
Sewer Fund	52,170	-
Sanitation Fund	16,549	-
Employee Benefit Fund	-	145,269
	<u>\$ 145,269</u>	<u>\$ 145,269</u>

NOTE 4 - Retirement Plans

*Plan Description.* The City participates in the Kansas Public Employees Retirement System (KPERS). KPERS is a part of a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Funding Policy* - K.S.A. 74-419 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The employer contributions to KPERS for years ending December 31, 2012, 2011 and 2010 were \$100,569, \$98,822 and \$91,119 respectively, equal to the required contributions for each year.

NOTE 5 - Compensated Absences

It is the City's policy to permit employees to earn non-cumulative vacation at different intervals based on length of service. The liability for compensated vacation time at December 31, 2012 is \$59,434. Sick leave accrues at 12 days per year and accumulates to a maximum of 90 days. No liability is reported for unpaid accumulated sick leave.

NOTE 6 - Long-term Debt and Notes Payable

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary funds if they are expected to be repaid from proprietary fund revenues.

CITY OF TONGANOXIE, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

NOTE 6 - Long-term Debt and Notes Payable (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued with equal amounts of principal maturing each year. General obligation bonds, except for those of enterprise funds, currently outstanding are as follows:

<u>Purpose</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
Improvements Ser. 2009	4/1/09	9/1/29	2.80 - 4.75%	\$ 1,350,000	\$ 1,245,000
Improvements Ser. 2010A	5/10/10	9/1/20	2.25 - 3.15%	1,075,000	1,055,000
Improvements Ser. 2010B	12/13/10	12/1/13	1.50%	1,705,000	1,705,000
General Improvements Ser. 2004	6/15/04	9/1/14	3.25 - 4.3%	1,065,000	275,000
Public Works Building Ser. 2007	10/15/07	9/1/22	3.55 - 3.95%	1,720,000	1,570,000
Swimming Pool and Water Park Ser. 2007	10/15/07	9/1/17	3.50 - 3.7%	2,990,000	1,910,000
Downtown Revitalization Ser. 2000	12/01/00	9/1/21	4.85 - 6.50%	630,000	95,000
Total				<u>\$ 10,535,000</u>	<u>\$ 7,855,000</u>

Following is a summary of changes in long-term debt for the year ended December 31, 2012:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>
General Improvements Ser. 2004	\$ 400,000	\$ -	\$ 125,000	\$ 275,000
Public Works Building Ser. 2007	1,620,000	-	50,000	1,570,000
Swimming Pool and Water Park Ser. 2007	2,190,000	-	280,000	1,910,000
Improvements Ser. 2009	1,300,000	-	55,000	1,245,000
Improvements Ser. 2010A	1,075,000	-	20,000	1,055,000
Improvements Ser. 2010B	1,705,000	-	-	1,705,000
Downtown Revitalization Ser. 2000	105,000	-	10,000	95,000
Total	<u>\$ 8,395,000</u>	<u>\$ -</u>	<u>\$ 540,000</u>	<u>\$ 7,855,000</u>

The annual debt service requirements to maturity for the general obligation bonds to be paid with tax levies is as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 2,325,000	\$ 251,281	\$ 2,576,281
2014	675,000	203,163	878,163
2015	650,000	178,610	828,610
2016	710,000	156,332	866,332
2017	760,000	131,580	891,580
2018-2022	2,120,000	358,240	2,478,240
2023-2027	420,000	105,300	525,300
2028-2029	195,000	13,965	208,965
Totals	<u>\$ 7,855,000</u>	<u>\$ 1,398,470</u>	<u>\$ 9,253,470</u>

CITY OF TONGANOXIE, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

NOTE 6 - Long-term Debt and Notes Payable (Continued)

Enterprise Fund General Obligation Bonds. Bonds of this type outstanding at year end are as follows:

<u>Purpose</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
South Water Tower	7/15/06	9/1/16	3.7 - 4.1%	\$ 370,000	\$ 170,000
Water and Sewer Improvement	12/01/02	12/1/16	3.5 - 4.5%	<u>1,510,000</u>	<u>495,000</u>
Total				<u>\$ 1,880,000</u>	<u>\$ 665,000</u>

Following is a summary of changes in enterprise fund general obligation bonds for the year ended December 31, 2012:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>
South Water Tower	\$ 205,000	\$ -	\$ 35,000	\$ 170,000
Water and Sewer Improvement	<u>605,000</u>	<u>-</u>	<u>110,000</u>	<u>495,000</u>
Total	<u>\$ 810,000</u>	<u>\$ -</u>	<u>\$ 145,000</u>	<u>\$ 665,000</u>

Enterprise funds general obligation bonds debt service requirements to maturity:

<u>Year ending December 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 155,000	\$ 28,475	\$ 183,475
2014	160,000	22,045	182,045
2015	170,000	15,265	185,265
2016	<u>180,000</u>	<u>7,920</u>	<u>187,920</u>
Totals	<u>\$ 665,000</u>	<u>\$ 73,705</u>	<u>\$ 738,705</u>

CITY OF TONGANOXIE, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

NOTE 6 - Long-term Debt and Notes Payable (Continued)

In 2013, the City issued Series 2013-A general obligation refunding bonds in the amount of \$1,760,000. The City will make the first payment on January 1, 2014, and the last payment on July 1, 2033. The interest rate on the bonds ranges from 2.25% to 4.30%. In 2013, the City also issued Series 2013-B general obligation refunding bonds in the amount of \$6,355,000. The City will make the first payment on August 1, 2013, and the last payment on August 1, 2031. The interest rate on the bonds ranges from 2.00% to 2.70%. The bond proceeds will be used to refund the Series 2010B general obligation bonds and various KDHE revolving loans.

Notes Payable. The City has entered into loan agreements with the Kansas Department of Health and Environment for sewer improvements. The City will repay these loans over a 20 year period ending in September of 2033. The gross interest rates being charged on these loans range from 3.34% to 4.03%. Of this, .25% is a service fee.

Following is a summary of changes in the revolving loan for the year ended December 31, 2012:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>
KDHE Revolving Loan	\$ 88,285	\$ -	\$ 64,384	\$ 23,901

Required payments are as follows as of December 31, 2012:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 23,901	\$ 456	\$ 24,357
Totals	\$ 23,901	\$ 456	\$ 24,357

In 2003, the City authorized the execution of a \$4,382,650 loan with the Kansas Department of Health and Environment for the construction of a new sewer plant. The City will repay this loan over a 20 year period ending in March of 2026. The gross interest rates being charged on these loans are 3.08%. Of this, .25% is a service fee.

Following is a summary of changes in the revolving loan for the year ended December 31, 2012:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>
KDHE Revolving Loan	\$ 4,028,211	\$ -	\$ 126,901	\$ 3,901,310

CITY OF TONGANOXIE, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

NOTE 6 - Long-term Debt and Notes Payable (Continued)

Required payments, for entire amount of proceeds, are as follows on the loan as of December 31, 2012:

Year ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	Total Debt <u>Service</u>
2013	\$ 130,840	\$ 119,160	\$ 250,000
2014	134,901	115,099	250,000
2015	139,087	110,912	249,999
2016	234,097	105,902	339,999
2017	241,363	98,637	340,000
2018-2023	1,629,340	369,090	1,998,430
2024-2026	<u>1,391,682</u>	<u>128,934</u>	<u>1,520,616</u>
Totals	<u>\$ 3,901,310</u>	<u>\$ 1,047,734</u>	<u>\$ 4,949,044</u>

In 2009, the City authorized the execution of two loans with the Kansas Department of Transportation for the completion of various street infrastructure projects. Total proceeds for the two loans will be \$214,893 and \$550,077, respectively. The City will repay the loans over a 20 year period ending in August of 2029. Outstanding balances on these loans were \$164,784 and \$431,401 at December 31, 2012.

Required payments are as follows on the loans as of December 31, 2012:

Year ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	Total Debt <u>Service</u>
2013	\$ 25,925	\$ 20,270	\$ 46,195
2014	26,871	19,389	46,260
2015	27,852	18,475	46,327
2016	28,869	17,528	46,397
2017	29,922	16,547	46,469
2017-2021	166,814	66,710	233,524
2022-2026	199,562	36,204	235,767
2027-2029	<u>90,369</u>	<u>4,636</u>	<u>95,005</u>
Totals	<u>\$ 596,185</u>	<u>\$ 199,760</u>	<u>\$ 795,945</u>

In 2010, the City authorized the execution of a \$2,100,346 water supply loan with the Kansas Department of Health and Environment. The City will repay the loan over a 20 year period ending in August 2031. The gross interest rate being charged on this loan is 3.63%.

CITY OF TONGANOXIE, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

NOTE 6 - Long-term Debt and Notes Payable (Continued)

Following is a summary of changes in revolving loan for the year ended December 31, 2012:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>
KDHE Revolving Water Supply Loan	\$ 2,100,346	\$ -	\$ 73,530	\$ 2,026,816

Required payments are as follows on the loan as of December 31, 2012:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 75,692	\$ 72,893	\$ 148,585
2014	78,465	70,120	148,585
2015	81,339	67,246	148,585
2016	84,318	64,267	148,585
2017	87,407	61,178	148,585
2017-2021	487,470	255,455	742,925
2022-2026	583,533	159,392	742,925
2027-2029	<u>548,592</u>	<u>45,747</u>	<u>594,339</u>
Totals	<u>\$ 2,026,816</u>	<u>\$ 796,297</u>	<u>\$ 2,823,112</u>

NOTE 7 - Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes.

Following is a summary of changes in leases for the year ended December 31, 2012:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>
2009 Crown Victoria (2)	\$ 10,530	\$ -	\$ 10,530	\$ -
27 V Force Coats	13,526	-	9,322	4,204
Fire Trucks (2)	229,293	-	37,172	192,121
2011 Ford F250	30,915	-	4,692	26,223
2011 Crown Victoria	10,124	-	10,124	-
Motorola Communications	75,032	-	12,506	62,526
Ford Fire Truck	<u>5,468</u>	<u>-</u>	<u>5,468</u>	<u>-</u>
Totals	<u>\$ 374,888</u>	<u>\$ -</u>	<u>\$ 89,814</u>	<u>\$ 285,074</u>

CITY OF TONGANOXIE, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

NOTE 7 – Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012, were as follows:

<u>Year Ending December 31.</u>	<u>Payment Due</u>
2013	\$ 70,800
2014	66,517
2015	66,517
2016	66,517
2017	<u>42,375</u>
Total minimum lease payments	312,727
Less: amount representing interest	<u>27,652</u>
Present value of minimum lease payments	<u>\$ 285,074</u>

NOTE 8 - Water Purchase Contract

The City has water purchase contracts with Public Wholesale Water Supply District No. 6 of Tonganoxie, Kansas. The contracts require the City to make minimum monthly payments. The contract requires minimum monthly payments for a term of 20 years beginning in 1997. The City's payment is approximately \$15,600 per year.

The City has a water purchase contract with Kansas City Board of Public Utilities (BPU). The contract requires the City to take or pay a minimum purchase of fifty gallons of water per minute. If the City fails to purchase the minimum monthly volume of water for any month, the City can either pay BPU the amount of the underage by the billing due date in the following month or increase its purchase of water from BPU sufficient to utilize the underage during the succeeding month.

NOTE 9 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 – Recreation Commission COP's

The City has entered into an Interlocal agreement with the Tonganoxie Recreation Commission to open a line of credit. The recreation commission is assuming these payments as part of a lease purchase agreement with the city. This debt has been issued to purchase land for the construction of athletic facilities. The following is a summary of the changes in the line of credit for 2012:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>
Tonganoxie Recreation Lease	\$ 583,054	\$ -	\$ 59,263	\$ 523,791



CITY OF TONGANOXIE, KANSAS  
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
For the year ended December 31, 2012

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Positive [Negative]</u>
Governmental Fund Types:					
General Fund:					
General	\$2,104,701	\$ -	\$ 2,104,701	\$ 1,711,215	\$ 393,486
Special Purpose Funds:					
Special Parks and Recreation	10,000	-	10,000	5,049	4,951
Special Highway	250,000	-	250,000	107,378	142,622
Library	287,149	-	287,149	283,541	3,608
Employee Benefit	606,080	-	606,080	502,127	103,953
Fire Department Equipment Reserve	282,426	-	282,426	91,373	191,053
Police Department Equipment Reserve	20,000	-	20,000	15,892	4,108
Law Enforcement Trust	12,900	-	12,900	462	12,438
Transient Guest Tax	5,000	-	5,000	-	5,000
Debt Service Fund:					
Bond and Interest	742,306	-	742,306	358,121	384,185
Capital Project Fund	610,340	-	610,340	422,962	187,378
Business Funds:					
Water	1,029,043	-	1,029,043	1,018,325	10,718
Water Capital	54,500	-	54,500	13,250	41,250
Sewer	689,396	-	689,396	611,844	77,552
Sewer Capital	108,500	-	108,500	143,451	[34,951]
Sanitation	338,635	-	338,635	321,185	17,450

## SCHEDULE 2 - 1

CITY OF TONGANOXIE, KANSAS  
GENERAL FUNDSchedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the year ended December 31, 2012  
(With comparative actual amounts for the year ended December 31, 2011)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes	\$ 1,053,724	\$ 795,563	\$ 570,698	\$ 224,865
Intergovernmental	529,411	482,904	510,500	[27,596]
Licenses and permits	23,835	26,409	37,950	[11,541]
Fines and fees	190,167	185,713	461,350	[275,637]
Use of money and property	15,144	11,362	29,000	[17,638]
Charges for services	118,350	124,486	155,000	[30,514]
Economic development	435	-	-	-
Miscellaneous	24,433	81,894	400	81,494
Transfers in	50,000	-	-	-
Total Cash Receipts	<u>2,005,499</u>	<u>1,708,331</u>	<u>\$ 1,764,898</u>	<u>\$ [56,567]</u>
Expenditures and Transfers Subject to Budget				
General government	-	34,754	\$ 83,920	\$ 49,166
Administration	400,483	363,458	465,923	102,465
Code enforcement	17,678	27,681	-	[27,681]
City planning and development	30,235	21,790	-	[21,790]
Police department	675,701	602,256	680,685	78,429
Fire department	279,445	270,572	297,826	27,254
Highway and streets	223,519	132,937	298,261	165,324
Swimming pool	132,770	125,632	149,681	24,049
Court services	115,692	106,810	102,510	[4,300]
Animal control	26,373	25,325	24,650	[675]
Miscellaneous	-	-	1,245	1,245
Total Expenditures and Transfers Subject to Budget	<u>1,901,896</u>	<u>1,711,215</u>	<u>\$ 2,104,701</u>	<u>\$ 393,486</u>
Excess [deficiency] of revenues over [under] expenditures	103,603	[2,884]		
Unencumbered Cash, Beginning	<u>163,353</u>	<u>266,956</u>		
Unencumbered Cash, Ending	<u>\$ 266,956</u>	<u>\$ 264,072</u>		

See independent auditor's report on the financial statements.

CITY OF TONGANOXIE, KANSAS  
SPECIAL PARKS AND RECREATION FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the year ended December 31, 2012  
(With comparative actual amounts for the year ended December 31, 2011)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Intergovernmental	\$ 4,341	\$ 5,524	\$ 5,500	\$ 24
Total Cash Receipts	<u>4,341</u>	<u>5,524</u>	<u>\$ 5,500</u>	<u>\$ 24</u>
Expenditures and Transfers Subject to Budget				
Culture and recreation				
Contractual services	<u>4,039</u>	<u>5,049</u>	<u>\$ 10,000</u>	<u>\$ 4,951</u>
Total Expenditures and Transfers Subject to Budget	<u>4,039</u>	<u>5,049</u>	<u>\$ 10,000</u>	<u>\$ 4,951</u>
Excess [deficiency] of revenues over [under] expenditures	302	475		
Unencumbered Cash, Beginning	<u>5,293</u>	<u>5,595</u>		
Unencumbered Cash, Ending	<u>\$ 5,595</u>	<u>\$ 6,070</u>		

See independent auditor's report on the financial statements.

CITY OF TONGANOXIE, KANSAS  
SPECIAL HIGHWAY FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the year ended December 31, 2012  
(With comparative actual amounts for the year ended December 31, 2011)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Intergovernmental	\$ 145,726	\$ 157,466	\$ 137,800	\$ 19,666
Total Cash Receipts	<u>145,726</u>	<u>157,466</u>	<u>\$ 137,800</u>	<u>\$ 19,666</u>
Expenditures and Transfers Subject to Budget				
Public works	<u>220,191</u>	<u>107,378</u>	<u>\$ 250,000</u>	<u>\$ 142,622</u>
Total Expenditures and Transfers Subject to Budget	<u>220,191</u>	<u>107,378</u>	<u>\$ 250,000</u>	<u>\$ 142,622</u>
Excess [deficiency] of revenues over [under] expenditures	[74,465]	50,088		
Unencumbered Cash, Beginning	<u>204,177</u>	<u>129,712</u>		
Unencumbered Cash, Ending	<u>\$ 129,712</u>	<u>\$ 179,800</u>		

See independent auditor's report on the financial statements.

CITY OF TONGANOXIE, KANSAS  
LIBRARY FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the year ended December 31, 2012  
(With comparative actual amounts for the year ended December 31, 2011)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes	\$ 263,222	\$ 283,541	\$ 287,149	\$ [3,608]
Total Cash Receipts	<u>263,222</u>	<u>283,541</u>	<u>\$ 287,149</u>	<u>\$ [3,608]</u>
Expenditures and Transfers Subject to Budget				
Appropriation	263,222	283,541	\$ 286,456	\$ 2,915
Miscellaneous	<u>-</u>	<u>-</u>	<u>693</u>	<u>693</u>
Total Expenditures and Transfers Subject to Budget	<u>263,222</u>	<u>283,541</u>	<u>\$ 287,149</u>	<u>\$ 3,608</u>
Excess [deficiency] of revenues over [under] expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

## SCHEDULE 2 - 5

CITY OF TONGANOXIE, KANSAS  
EMPLOYEE BENEFIT FUNDSchedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the year ended December 31, 2012  
(With comparative actual amounts for the year ended December 31, 2011)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes	\$ 338,177	\$ 348,584	\$ 369,139	\$ [20,555]
Reimbursements	33,975	29,427	30,000	[573]
Transfers in	<u>154,036</u>	<u>145,269</u>	<u>165,821</u>	<u>[20,552]</u>
Total Cash Receipts	<u>526,188</u>	<u>523,280</u>	<u>\$ 564,960</u>	<u>\$ [41,680]</u>
Expenditures and Transfers Subject to Budget				
General government				
Personal services	503,390	502,127	\$ 605,214	\$ 103,087
Miscellaneous	<u>-</u>	<u>-</u>	<u>866</u>	<u>866</u>
Total Expenditures and Transfers Subject to Budget	<u>503,390</u>	<u>502,127</u>	<u>\$ 606,080</u>	<u>\$ 103,953</u>
Excess [deficiency] of revenues over [under] expenditures	22,798	21,153		
Unencumbered Cash, Beginning	<u>48,961</u>	<u>71,759</u>		
Unencumbered Cash, Ending	<u>\$ 71,759</u>	<u>\$ 92,912</u>		

See independent auditor's report on the financial statements.

CITY OF TONGANOXIE, KANSAS  
FIRE DEPARTMENT EQUIPMENT RESERVE FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the year ended December 31, 2012  
(With comparative actual amounts for the year ended December 31, 2011)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Fines and fees	\$ 74,653	\$ 75,602	\$ 74,100	\$ 1,502
Donations	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Receipts	<u>79,653</u>	<u>75,602</u>	<u>\$ 74,100</u>	<u>\$ 1,502</u>
Expenditures and Transfers Subject to Budget				
Capital outlay	<u>87,606</u>	<u>91,373</u>	<u>\$ 282,426</u>	<u>\$ 191,053</u>
Total Expenditures and Transfers Subject to Budget	<u>87,606</u>	<u>91,373</u>	<u>\$ 282,426</u>	<u>\$ 191,053</u>
Excess [deficiency] of revenues over [under] expenditures	[7,953]	[15,771]		
Unencumbered Cash, Beginning	<u>333,859</u>	<u>325,906</u>		
Unencumbered Cash, Ending	<u>\$ 325,906</u>	<u>\$ 310,135</u>		

See independent auditor's report on the financial statements.

SCHEDULE 2 - 7

CITY OF TONGANOXIE, KANSAS  
POLICE DEPARTMENT EQUIPMENT RESERVE FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the year ended December 31, 2012  
(With comparative actual amounts for the year ended December 31, 2011)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Fines and fees	\$ 27,054	\$ 13,473	\$ 10,000	\$ 3,473
Total Cash Receipts	<u>27,054</u>	<u>13,473</u>	<u>\$ 10,000</u>	<u>\$ 3,473</u>
Expenditures and Transfers Subject to Budget				
Capital outlay	<u>11,992</u>	<u>15,892</u>	<u>\$ 20,000</u>	<u>\$ 4,108</u>
Total Expenditures and Transfers Subject to Budget	<u>11,992</u>	<u>15,892</u>	<u>\$ 20,000</u>	<u>\$ 4,108</u>
Excess [deficiency] of revenues over [under] expenditures	15,062	[2,419]		
Unencumbered Cash, Beginning	<u>11,500</u>	<u>26,562</u>		
Unencumbered Cash, Ending	<u>\$ 26,562</u>	<u>\$ 24,143</u>		

See independent auditor's report on the financial statements.



CITY OF TONGANOXIE, KANSAS  
LAW ENFORCEMENT TRUST FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the year ended December 31, 2012  
(With comparative actual amounts for the year ended December 31, 2011)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Grants	\$ 212	\$ 785	\$ 5,000	\$ [4,215]
Seizures and forfeitures	<u>2,928</u>	<u>5,105</u>	<u>-</u>	<u>5,105</u>
Total Cash Receipts	<u>3,140</u>	<u>5,890</u>	<u>\$ 5,000</u>	<u>\$ 890</u>
Expenditures and Transfers Subject to Budget				
Grant expenditures	<u>-</u>	<u>462</u>	<u>\$ 12,900</u>	<u>\$ 12,438</u>
Total Expenditures and Transfers Subject to Budget	<u>-</u>	<u>462</u>	<u>\$ 12,900</u>	<u>\$ 12,438</u>
Excess [deficiency] of revenues over [under] expenditures	3,140	5,428		
Unencumbered Cash, Beginning	<u>7,923</u>	<u>11,063</u>		
Unencumbered Cash, Ending	<u>\$ 11,063</u>	<u>\$ 16,491</u>		

See independent auditor's report on the financial statements.

CITY OF TONGANOXIE, KANSAS  
TRANSIENT GUEST TAX FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the year ended December 31, 2012  
(With comparative actual amounts for the year ended December 31, 2011)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Intergovernmental	\$ 5,273	\$ 1,361	\$ 1,300	\$ 61
Total Cash Receipts	<u>5,273</u>	<u>1,361</u>	<u>\$ 1,300</u>	<u>\$ 61</u>
Expenditures and Transfers Not Subject to Budget				
Contractual services	<u>2,500</u>	<u>-</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Total Expenditures and Transfers Not Subject to Budget	<u>2,500</u>	<u>-</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Excess [deficiency] of revenues over [under] expenditures	2,773	1,361		
Unencumbered Cash, Beginning	<u>641</u>	<u>3,414</u>		
Unencumbered Cash, Ending	<u>\$ 3,414</u>	<u>\$ 4,775</u>		

See independent auditor's report on the financial statements.

CITY OF TONGANOXIE, KANSAS  
WATER PARK SALES TAX FUND

Schedule of Cash Receipts and Expenditures - Actual\*  
Regulatory Basis  
For the year ended December 31, 2012

Cash Receipts	
Sales tax	<u>\$ 273,345</u>
Total Cash Receipts	<u>273,345</u>
Expenditures and Transfers Not Subject to Budget	
Contractual services	<u>287,463</u>
Total Expenditures and Transfers Not Subject to Budget	<u>287,463</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[14,118]</u>
Unencumbered Cash, Beginning	-
Prior Period Adjustment - Fund Previously Reported With Water Fund	<u>46,878</u>
Unencumbered Cash, Beginning, Restated	<u>46,878</u>
Unencumbered Cash, Ending	<u>\$ 32,760</u>

\* - This fund is not required to be budgeted.

CITY OF TONGANOXIE, KANSAS  
BOND AND INTEREST FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the year ended December 31, 2012  
(With comparative actual amounts for the year ended December 31, 2011)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes	\$ 74,676	\$ 351,145	\$ 664,730	\$ [313,585]
Total Cash Receipts	<u>74,676</u>	<u>351,145</u>	<u>\$ 664,730</u>	<u>\$ [313,585]</u>
Expenditures and Transfers Subject to Budget				
Debt service	<u>311,666</u>	<u>358,121</u>	<u>\$ 742,306</u>	<u>\$ 384,185</u>
Total Expenditures and Transfers Subject to Budget	<u>311,666</u>	<u>358,121</u>	<u>\$ 742,306</u>	<u>\$ 384,185</u>
Excess [deficiency] of revenues over [under] expenditures	[236,990]	[6,976]		
Unencumbered Cash, Beginning	<u>276,147</u>	<u>39,157</u>		
Unencumbered Cash, Ending	<u>\$ 39,157</u>	<u>\$ 32,181</u>		

See independent auditor's report on the financial statements.

CITY OF TONGANOXIE, KANSAS  
CAPITAL PROJECT FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the year ended December 31, 2012  
(With comparative actual amounts for the year ended December 31, 2011)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Intergovernmental	\$ 310,246	\$ 342,748	\$ 335,000	\$ 7,748
Proceeds from sale	<u>39</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Receipts	<u>310,285</u>	<u>342,748</u>	<u>\$ 335,000</u>	<u>\$ 7,748</u>
Expenditures and Transfers Subject to Budget				
Capital outlay	<u>343,070</u>	<u>422,962</u>	<u>\$ 610,340</u>	<u>\$ 187,378</u>
Total Expenditures and Transfers Subject to Budget	<u>343,070</u>	<u>422,962</u>	<u>\$ 610,340</u>	<u>\$ 187,378</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[32,785]</u>	<u>[80,214]</u>		
Unencumbered Cash, Beginning	489,279	456,494		
Prior Period Adjustment - Sale of Property Fund Fund Previously Reported With Capital Project Fund	<u>-</u>	<u>[23,533]</u>		
Unencumbered Cash, Beginning, Restated	<u>489,279</u>	<u>432,961</u>		
Unencumbered Cash, Ending	<u>\$ 456,494</u>	<u>\$ 352,747</u>		

See independent auditor's report on the financial statements.

CITY OF TONGANOXIE, KANSAS  
SALE OF PROPERTY FUND

Schedule of Cash Receipts and Expenditures - Actual\*  
Regulatory Basis  
For the year ended December 31, 2012

Cash Receipts	
Proceeds from sale	\$ <u>          -</u>
Total Cash Receipts	<u>          -</u>
Expenditures and Transfers Subject to Budget	
Capital outlay	<u>          -</u>
Total Expenditures and Transfers Subject to Budget	<u>          -</u>
Excess [deficiency] of revenues over [under] expenditures	<u>          -</u>
Unencumbered Cash, Beginning	-
Prior Period Adjustment	
Fund Previously Reported With Capital Project Fund	<u>23,533</u>
Unencumbered Cash, Beginning, Restated	<u>23,533</u>
Unencumbered Cash, Ending	<u><u>\$ 23,533</u></u>

\* - This fund is not required to be budgeted.

CITY OF TONGANOXIE, KANSAS  
WATER FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the year ended December 31, 2012  
(With comparative actual amounts for the year ended December 31, 2011)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges for services	\$ 1,209,154	\$ 1,013,222	\$ 911,250	\$ 101,972
Lease proceeds	578,873	-	-	-
Use of money and property	4,314	1,547	-	1,547
Miscellaneous	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Receipts	<u>1,807,341</u>	<u>1,014,769</u>	<u>\$ 911,250</u>	<u>\$ 103,519</u>
Expenditures and Transfers Subject to Budget				
Production and distribution	768,500	597,180	\$ 543,580	\$ [53,600]
Debt service	538,921	344,595	408,913	64,318
Capital outlay	9,651	-	-	-
Transfers out	<u>127,231</u>	<u>76,550</u>	<u>76,550</u>	<u>-</u>
Total Expenditures and Transfers Subject to Budget	<u>1,444,303</u>	<u>1,018,325</u>	<u>\$ 1,029,043</u>	<u>\$ 10,718</u>
Excess [deficiency] of revenues over [under] expenditures	<u>363,038</u>	<u>[3,556]</u>		
Unencumbered Cash, Beginning	483,612	846,650		
Prior Period Adjustment - Water Capital Fund Fund Previously Reported With Water Fund	-	[156,152]		
Prior Period Adjustment - Water Park Sales Tax Fund Previously Reported With Water Fund	<u>-</u>	<u>[46,878]</u>		
Unencumbered Cash, Beginning, Restated	<u>483,612</u>	<u>643,620</u>		
Unencumbered Cash, Ending	<u>\$ 846,650</u>	<u>\$ 640,064</u>		

See independent auditor's report on the financial statements.

CITY OF TONGANOXIE, KANSAS  
WATER CAPITAL FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the year ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Charges for services	\$ 19,000	\$ 10,000	\$ 9,000
Lease proceeds	<u>12,875</u>	<u>15,000</u>	<u>[2,125]</u>
Total Cash Receipts	<u>31,875</u>	<u>\$ 25,000</u>	<u>\$ 6,875</u>
Expenditures and Transfers Subject to Budget			
Capital outlay	<u>13,250</u>	<u>\$ 54,500</u>	<u>\$ 41,250</u>
Total Expenditures and Transfers Subject to Budget	<u>13,250</u>	<u>\$ 54,500</u>	<u>\$ 41,250</u>
Excess [deficiency] of revenues over [under] expenditures	<u>18,625</u>		
Unencumbered Cash, Beginning	-		
Prior Period Adjustment Fund Previously Reported With Water Fund	<u>156,152</u>		
Unencumbered Cash, Beginning, Restated	<u>156,152</u>		
Unencumbered Cash, Ending	<u>\$ 174,777</u>		

See independent auditor's report on the financial statements.



CITY OF TONGANOXIE, KANSAS  
SEWER FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the year ended December 31, 2012  
(With comparative actual amounts for the year ended December 31, 2011)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges for services	\$ 526,947	\$ 565,061	\$ 597,494	\$ [32,433]
Total Cash Receipts	<u>526,947</u>	<u>565,061</u>	<u>\$ 597,494</u>	<u>\$ [32,433]</u>
Expenditures and Transfers Subject to Budget				
Plant operating costs	286,190	242,620	\$ 307,130	\$ 64,510
Capital outlay	475	-	-	-
Debt service	350,342	317,054	317,054	-
Transfers out	<u>61,713</u>	<u>52,170</u>	<u>65,212</u>	<u>13,042</u>
Total Expenditures and Transfers Subject to Budget	<u>698,720</u>	<u>611,844</u>	<u>\$ 689,396</u>	<u>\$ 77,552</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[171,773]</u>	<u>[46,783]</u>		
Unencumbered Cash, Beginning	752,801	581,028		
Prior Period Adjustment - Sewer Capital Fund Fund Previously Reported With Sewer Fund	<u>-</u>	<u>[430,490]</u>		
Unencumbered Cash, Beginning, Restated	<u>752,801</u>	<u>150,538</u>		
Unencumbered Cash, Ending	<u>\$ 581,028</u>	<u>\$ 103,755</u>		

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CITY OF TONGANOXIE, KANSAS  
SEWER CAPITAL FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the year ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Charges for services	\$ 17,875	\$ 15,000	\$ 2,875
Total Cash Receipts	<u>17,875</u>	<u>\$ 15,000</u>	<u>\$ 2,875</u>
Expenditures and Transfers Subject to Budget			
Capital outlay	<u>143,451</u>	<u>\$ 108,500</u>	<u>\$ [34,951]</u>
Total Expenditures and Transfers Subject to Budget	<u>143,451</u>	<u>\$ 108,500</u>	<u>\$ [34,951]</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[125,576]</u>		
Unencumbered Cash, Beginning	-		
Prior Period Adjustment Fund Previously Reported With Sewer Fund	<u>430,490</u>		
Unencumbered Cash, Beginning, Restated	<u>430,490</u>		
Unencumbered Cash, Ending	<u>\$ 304,914</u>		

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CITY OF TONGANOXIE, KANSAS  
SANITATION FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the year ended December 31, 2012  
(With comparative actual amounts for the year ended December 31, 2011)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges for services	\$ 306,183	\$ 311,662	\$ 306,000	\$ 5,662
Total Cash Receipts	<u>306,183</u>	<u>311,662</u>	<u>\$ 306,000</u>	<u>\$ 5,662</u>
Expenditures and Transfers Subject to Budget				
Contractual services	291,812	304,636	\$ 314,576	\$ 9,940
Transfer out	<u>15,092</u>	<u>16,549</u>	<u>24,059</u>	<u>7,510</u>
Total Expenditures and Transfers Subject to Budget	<u>306,904</u>	<u>321,185</u>	<u>\$ 338,635</u>	<u>\$ 17,450</u>
Excess [deficiency] of revenues over [under] expenditures	[721]	[9,523]		
Unencumbered Cash, Beginning	<u>37,713</u>	<u>36,992</u>		
Unencumbered Cash, Ending	<u>\$ 36,992</u>	<u>\$ 27,469</u>		

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SCHEDULE 3

CITY OF TONGANOXIE, KANSAS  
AGENCY FUNDS

Schedule of Cash Receipts and Expenditures  
Regulatory Basis  
For the year ended December 31, 2012

	Balance December 31, <u>2011</u>	<u>Receipts</u>	<u>Expenditures</u>	Balance December 31, <u>2012</u>
Payroll clearing	\$ 5,261	\$ 1,418,215	\$ 1,412,833	\$ 10,643
Bail bonds	-	780	-	780
Revolving loan	<u>14,287</u>	<u>8,000</u>	<u>-</u>	<u>22,287</u>
Total	<u>\$ 19,548</u>	<u>\$ 1,426,995</u>	<u>\$ 1,412,833</u>	<u>\$ 33,710</u>

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